AMENDED IN SENATE MAY 4, 2005 AMENDED IN SENATE APRIL 4, 2005

SENATE BILL

No. 870

Introduced by Senator Escutia

February 22, 2005

An act to amend Section 42403.5 of, to add Section 42407.5 to, and to add Article 3.1 (commencing with Section 42411) and Article 3.2 (commencing with Section 42417) to Chapter 4 of Part 4 of Division 26 of, the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 870, as amended, Escutia. Air quality: violations: nonvehicular sources: business penalties.

(1) Existing

Existing law vests local and regional authorities, defined as the governing body of any city, county, or air pollution control district or air quality management district with the primary responsibility for control of air pollution from all sources other than vehicular sources. Existing law establishes maximum criminal and civil penalties for any person, as defined, for violations of air pollution laws from nonvehicular sources.

This bill would redefine "person" to exclude specified entities, thus exempting those entities from the *current* maximum criminal and civil penalty provisions. The bill would instead establish separate maximum and minimum criminal penalties and separate minimum civil penalty provisions, but identical offenses for entities, as defined, resulting from nonvehicular sources, with increased fines and civil penalties for those violations. This bill would specify that penalties collected from entities be deposited into the Air Pollution Business Penalty Fund, created by this bill, to be used for specified purposes.

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The bill would require the State Air Resources Board to establish a statewide enforcement policy to address the lack of enforcement in specified communities, and to identify strategies to bring specified areas into compliance. The bill would require notices to be mailed to each residence and business within a one-mile radius of the facility in violation, and to persons requesting notice in specified circumstances. The bill would require each district and the state board to post specified information relating to enforcement on Websites Web sites, and would require the state board to audit each district at least once every 4 years for its enforcement history, as provided. This bill would also make findings and declarations regarding the enforcement of air pollution control measures by those entities, and would declare the intent of the Legislature to enact legislation that will provide for mandatory minimum penalties in eases of serious and chronic stationary source violations of air pollution control laws, and that will allow a community-based air pollution control program to receive moneys derived from fines levied against those violators.

Because this bill would create a new crime, this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares all of the 2 following:
- 3 (1) In 1997, the United States Environmental Protection
- 4 Agency (EPA) conducted an audit that found that air district
- 5 enforcement actions against major stationary source violators
- 6 were not always sufficient when compared to EPA's enforcement 7 guidance.
- 8 (2) The EPA concluded that districts failed to do all of the 9 following:
- 10 (A) Escalate enforcement actions for repeat violations.

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- (B) Resolve enforcement actions in a timely manner.
- (C) Issue penalties consistent with the gravity of the violation.
- (3) In a 2001 followup report to the audit, the Legislative Analyst's Office (LAO) found that stationary source regulation could be improved if the State Air Resources Board (ARB) exercised more effective oversight of the local districts.
 - (4) The LAO made all of the following findings:
- (A) The ARB has not adopted a statewide enforcement policy to guide local district enforcement actions, despite its authority to do so.
- (B) The ARB takes little action when a district disregards statutory reporting requirements.
- (C) The ARB lacks data to assess the extent of inconsistent and ineffective district enforcement.
- (D) The ARB devotes minimal staff to local program review and has not sought budgetary or legislative remedies to improve its efforts in local program review.
- (5) Furthermore, the LAO report notes that variations in local enforcement practices are due to all of the following:
- (A) Relative latitude in establishing their own enforcement policies.
 - (B) Inconsistent tracking of enforcement actions.
 - (C) Varying resources available for enforcement activities.
 - (6) In July of 2004, the Environmental Working Group reported a clear and persistent pattern of violations of the federal Clean Air Act in all of the following major California industries:
 - (A) Oil and chemical refining.
- 28 (B) Pulp and paper milling.
- 29 (C) Automobile manufacturing.
 - (D) Iron and steel manufacturing.
- 31 (E) Metal smelting.

- (7) Although it is important for a district to have some discretion to determine the most effective enforcement response to a violation, it is also prudent to ensure that minimum penalties be assessed to deter serious or chronic environmental violations.
- (8) In addition, mandating minimum penaltics for serious and chronic stationary source violations could make local enforcement actions more consistent by prescribing a statewide standard for enforcement.

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(9) Without minimum penalties for serious or chronic environmental violations, some of California's major polluting industries may find it more cost effective to violate environmental law, rather than control pollution.

(b) It is the intent of the Legislature to enact legislation that will provide for mandatory minimum penalties in cases of serious and chronic stationary source violations of air pollution control laws, and that will allow a community-based air pollution control program to receive moneys derived from fines levied against those violators.

SEC. 2.

 SECTION 1. Section 42403.5 of the Health and Safety Code is amended to read:

42403.5. (a) Notwithstanding Section 42407, any violation of Section 41700 resulting from the engine of any diesel-powered bus while idling shall subject the person owning the bus to civil penalties assessed under this article, which may be recovered pursuant to Section 42403 by the Attorney General, by any district attorney, or by the attorney for any district in which the violation occurs in any court of competent jurisdiction.

(b) There is no liability under subdivision (a) if the person accused of the violation establishes by affirmative defense that the extent of the harm caused does not exceed the benefit accrued to bus passengers as a result of idling the engine.

SEC. 3.

SEC. 2. Section 42407.5 is added to the Health and Safety Code, to read:

42407.5. For the purposes of this article, "person" means any person, state or local governmental agency or public district, any officer or employee thereof, and the United States or its agencies, to the extent authorized by federal law. However, no state or local governmental agency or public district, or any officer or employee thereof, shall be criminally liable or responsible under the provisions of Part 4 (commencing with Section 41500) for any acts done by the governmental agency, or public district, in the performance of its functions or by officers or employees in the performance of their duties.

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SEC. 4.

SEC. 3. Article 3.1 (commencing with Section 42411) is added to Chapter 4 of Part 4 of Division 26 of the Health and Safety Code, to read:

Article 3.1. Business Penalties

- 42411. (a) Except as otherwise provided in Section 42411.1, 42411.2, 42411.3, 42411.35, or 42411.4, any entity who violates this part, or any rule, regulation, permit, or order of the state board or of a district, including a district hearing board, adopted pursuant to Part 1 (commencing with Section 39000) to Part 4 (commencing with Section 41500), inclusive, is guilty of a misdemeanor and is subject to a fine of not less than one thousand dollars (\$1,000), but not more than five thousand dollars (\$5,000), or imprisonment in the county jail for not more than six months, or both. This subdivision shall not apply to any minor violation. For the purposes of this subdivision, "minor violation" means
- (b) Any entity who owns or operates any source of air contaminants in violation of Section 41700 that causes actual injury, as defined in subdivision (c), to the health or safety of a considerable number of persons or the public is guilty of a misdemeanor and is subject to a fine of not less than five thousand dollars (\$5,000), but not more than fifteen thousand dollars (\$15,000), or imprisonment in the county jail for not more than nine months, or both.
- (c) As used in this section, "actual injury" means any physical injury that, in the opinion of a licensed physician and surgeon, requires medical treatment involving more than a physical examination.
- (d) Each day during any portion of which a violation of subdivision (a) or (b) occurs is a separate offense.
- 42411.1. (a) Any entity that negligently emits an air contaminant in violation of any provision of this part or any rule, regulation, permit, or order of the state board or of a district pertaining to emission regulations or limitations is guilty of a misdemeanor and is punishable by a fine of not less than seven thousand dollars (\$7,000), but not more than twenty-five thousand dollars (\$25,000), or imprisonment in a county jail for

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not more than nine months, or by both that fine and imprisonment.

- (b) Any entity that negligently emits an air contaminant in violation of Section 41700 that causes great bodily injury, as defined by Section 12022.7 of the Penal Code, to, or death of, any person, is guilty of a misdemeanor and is punishable by a fine of not less than fifty thousand dollars (\$50,000), but not more than one hundred thousand dollars (\$100,000), or imprisonment in a county jail for not more than one year, or by both that fine and imprisonment.
- (c) Each day during any portion of which a violation occurs is a separate offense.
- 42411.2. (a) Any entity that emits an air contaminant in violation of any provision of this part, or any order, rule, regulation, or permit of the state board or of a district pertaining to emission regulations or limitations, and who knew of the emission and failed to take corrective action within a reasonable period of time under the circumstances, is guilty of a misdemeanor and is punishable by a fine of not less than ten thousand dollars (\$10,000), but not more than forty thousand dollars (\$40,000), or imprisonment in a county jail for not more than one year, or by both that fine and imprisonment.
- (b) For purposes of this section, "corrective action" means the termination of the emission violation or the grant of a variance from the applicable order, rule, regulation, or permit pursuant to Article 2 (commencing with Section 42350). If a district regulation regarding process upsets or equipment breakdowns would allow continued operation of equipment which is emitting air contaminants in excess of allowable limits, compliance with that regulation is deemed to be corrective action.
- (c) Any entity that owns or operates any source of air contaminants in violation of Section 41700 that causes great bodily injury, as defined by Section 12022.7 of the Penal Code, to, or death of, any person, and who knew of the emission and failed to take corrective action within a reasonable period of time under the circumstances, is guilty of a misdemeanor and is punishable by a fine of not less than one hundred thousand dollars (\$100,000), but not more than two hundred fifty thousand dollars (\$250,000), or imprisonment in a county jail for not more than one year, or by both that fine and imprisonment.

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(d) Each day during any portion of which a violation occurs constitutes a separate offense.

- 42411.3. (a) Any entity that willfully and intentionally emits an air contaminant in violation of any provision of this part or any rule, regulation, permit, or order of the state board or of a district, pertaining to emission regulations or limitations is guilty of a misdemeanor and is punishable by a fine of not less than twenty thousand dollars (\$20,000), but not more than seventy-five thousand dollars (\$75,000), or imprisonment in a county jail for not more than one year, or by both that fine and imprisonment.
- (b) Any entity that willfully and intentionally, or with reckless disregard for the risk of great bodily injury, as defined by Section 12022.7 of the Penal Code, to, or death of, any person, emits an air contaminant in violation of Section 41700 that results in any unreasonable risk of great bodily injury to, or death of, any person, is guilty of a public offense and is punishable by a fine of not less than one hundred twenty-five thousand dollars (\$125,000), but not more than five hundred thousand dollars (\$500,000), or imprisonment in a county jail for not more than one year, or by both that fine and imprisonment.
- (c) Any entity that willfully and intentionally, or with reckless disregard for the risk of great bodily injury, as defined by Section 12022.7 of the Penal Code, to, or death of, any person that emits an air contaminant in violation of Section 41700 that causes great bodily injury to, or death of, any person is guilty of a public offense, and is punishable by a fine of not less than two hundred fifty thousand dollars (\$250,000), but not more than one million dollars (\$1,000,000), or imprisonment in a county jail for not more than one year, or both that fine and imprisonment.
- (d) Each day during any portion of which a violation occurs constitutes a separate offense.
- (e) This section does not preclude punishment under Section 189 or 192 of the Penal Code or any other provision of law that provides a more severe punishment.
 - (f) For the purposes of this section:
- (1) "Great bodily injury" means great bodily injury as defined by Section 12022.7 of the Penal Code.
- (2) "Imprisonment in state prison" means imprisonment in the state prison for 16 months, or two or three years.

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 (2) "Unreasonable risk of great bodily injury or death" means substantial probability of great bodily injury or death.

42411.3.5. (a) Any entity that knowingly violates any rule, regulation, permit, order, fee requirement, or filing requirement of the state board or of a district, including a district hearing board, that is adopted for the control of toxic air contaminants pursuant to Part 1 (commencing with Section 39000) to Part 4 (commencing with Section 41500), inclusive, and for which delegation or approval of implementation and enforcement authority has been obtained pursuant to subdivision (*l*) of Section 112 of the Clean Air Act (42 U.S.C. Sec. 7412(*l*)), or the regulations adopted pursuant thereto, is guilty of a misdemeanor and is subject to a fine of not less than two thousand dollars (\$2,000), but not more than ten thousand dollars (\$10,000), or imprisonment in the county jail for not more than six months, or both.

- (b) Any entity that knowingly makes any false material statement, representation, or certification in any form or in any notice or report required by a rule or regulation adopted or permit issued for the control of toxic air contaminants pursuant to Part 1 (commencing with Section 39000) to Part 4 (commencing with Section 41500), inclusive, and for which delegation or approval of implementation and enforcement authority has been obtained pursuant to subdivision (*l*) of Section 112 of the Clean Air Act (42 U.S.C. Sec. 7412(*l*)), or the regulations adopted pursuant thereto, or who knowingly renders inaccurate any monitoring device required by that toxic air contaminant rule, regulation, or permit is subject to a fine of not less than five thousand dollars (\$5,000), but not more than thirty-five thousand dollars (\$5,000), or imprisonment in the county jail for not more than nine months, or both.
- (c) Any entity that, knowingly and with intent to deceive, falsifies any document required to be kept pursuant to any provision of this part, or any rule, regulation, permit, notice to comply, or order of the state board or of a district, is punishable as provided in subdivision (b).
- 38 (d) Subdivisions (a) and (b) shall apply only to those 39 violations that are not otherwise subject to a fine pursuant to 40 Section 42411.1, 42411.2, or 42411.3.

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42411.4. (a) In any district where a Title V permit program has been fully approved by the federal Environmental Protection Agency, any entity that knowingly violates any federally enforceable permit condition or any fee or filing requirement applicable to a Title V source is guilty of a misdemeanor and is subject to a fine of not less than five thousand dollars (\$5,000), but not more than ten thousand dollars (\$10,000).

- (b) In any district in which a Title V permit program has been fully approved by the federal Environmental Protection Agency, any entity that knowingly makes any false material statement, representation, or certification in any form or in any notice or report required of a Title V source of a federally enforceable permit requirement, or who knowingly renders inaccurate any monitoring device or method required of a Title V source, is guilty of a misdemeanor and is subject to a fine of not less than five thousand dollars (\$5,000), but not more than ten thousand dollars (\$10,000).
- (c) The recovery of civil penalties pursuant to Section 42412 precludes prosecution pursuant to this section for the same offense. When a district refers a violation to a prosecuting agency, the filing of a criminal complaint is grounds requiring the dismissal of any civil action brought pursuant to this article for the same offense.
- (d) Each day during any portion of which a violation of subdivision (a) or (b) occurs is a separate offense.
- (e) This section shall not become operative in a district until the federal Environmental Protection Agency fully approves that district's Title V permit program.
- 42411.5. In addition to the penalties specified in Section 42411, the cost of putting out any unauthorized open outdoor fires may be imposed on any entity violating Section 41800 or 41852.
- 42411.6. (a) The recovery of civil penalties pursuant to Section 39674 or 42412 precludes prosecution under Section 42411, 42411.1, 42411.2, 42411.3, 42411.3.5, or 42411.4 for the same offense. When a district refers a violation to a prosecuting agency, the filing of a criminal complaint is grounds requiring the dismissal of any civil action brought pursuant to this article for the same offense.

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(b) If the pending civil action described in subdivision (a) includes a request for injunctive relief, that portion of the civil action shall not be dismissed upon the filing of a criminal complaint for the same offense.

42411.7. In determining the amount of fine to impose pursuant to Sections 42411, 42411.1, 42411.2, 42411.3, 42411.3.5, and 42411.4, the court shall consider all relevant circumstances, including, but not limited to, the following:

- (a) The extent of harm caused by the violation.
- (b) The nature and persistence of the violation.
- (c) The length of time over which the violation occurs.
- (d) The frequency of past violations.
 - (e) The record of maintenance.
- (f) The unproven or innovative nature of the control equipment.
- (g) Any action taken by the person including the nature, extent, and time of response of any cleanup and construction undertaken, to mitigate the violation.
 - (h) The financial burden on the defendant.
 - (i) Any other circumstances the court deems relevant.

42412. (a) Any entity who violates this part, any order issued pursuant to Section 42316, or any rule, regulation, permit, or order of a district, including a district hearing board, or of the state board issued pursuant to Part 1 (commencing with Section 39000) to Part 4 (commencing with Section 41500), inclusive, or that knowingly, and with the intent to deceive, falsifies any document required to be kept pursuant to this part, or any rule, regulation, permit, or order of the state board or of a district, including a district hearing board, is liable for a minimum civil penalty based on the gross sales revenue of the entity, as follows:

32	Entity's Annual Gross Sales Revenue	Fine/Day
33		
34	\$0-\$1 million	\$3,000
35	\$1 million-\$10 million	\$7,000
36	\$10 million-\$20 million	\$10,000
37	\$20 million-\$50 million	\$15,000
38	\$50 million- up	\$20,000
39		

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(b) Each day during any portion of which a violation occurs is a separate offense.

- (c) If the violation occurs within one thousand five hundred (1,500) feet of a school, the entity shall be liable for triple the minimum penalty set forth in subdivision (a). Written notice of any notice of violation issued to an entity for a violation occurring within one thousand five hundred (1,500) feet of a school shall be sent by the applicable district to every parent, teacher, and school administrator at the school within one month of the occurrence of the violation, as well as the ultimate disposition of the notice of violation.
- 42412.1. (a) The civil penalties prescribed in Section 42412 shall be assessed and recovered in a civil action brought in the name of the people of the State of California by the Attorney General, by any district attorney, or by the attorney for any district in which the violation occurs in any court of competent jurisdiction.
- (b) In determining the amount of civil penalty assessed, the court, or in reaching any settlement, the district, shall take into consideration all relevant circumstances, including, but not limited to, the following:
 - (1) The extent of harm caused by the violation.
 - (2) The nature and persistence of the violation.
- 24 (3) The length of time over which the violation occurs.
 - (4) The frequency of past violations.
 - (5) The record of maintenance.

- (6) The unproven or innovative nature of the control equipment.
- (7) Any action taken by the defendant, including the nature, extent, and time of response of the cleanup and construction undertaken, to mitigate the violation.
 - (8) The financial burden to the defendant.
- 42412.2. (a) Notwithstanding Section 42412.8, any violation of Section 41700 resulting from the engine of any diesel-powered bus while idling shall subject the entity owning the bus to civil penalties assessed under this article, which may be recovered pursuant to Section 42412.1 by the Attorney General, by any district attorney, or by the attorney for any district in which the violation occurs in any court of competent jurisdiction.

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(b) There is no liability under subdivision (a) if the entity accused of the violation establishes by affirmative defense that the extent of the harm caused does not exceed the benefit accrued to bus passengers as a result of idling the engine.

- 42412.3. An action brought pursuant to Section 42412.1 to recover civil penalties shall take special precedence over all other civil matters on the calendar of the court except those matters to which equal precedence on the calendar is granted by law.
- 42412.4. Any limitation of time applicable to actions brought pursuant to Section 42412.1 shall not commence to run until the offense has been discovered, or could reasonably have been discovered.
- 42412.5. (a)—All moneys collected from any action brought pursuant to this article, and all moneys collected from any settlement resulting from any action brought pursuant to this article shall be deposited to the Air Pollution Business Penalty Fund, which is hereby created in the State Treasury. Moneys in the fund shall be available, upon appropriation by the Legislature, for the following purposes:

(1)

(a) Ten percent shall be allocated to the district where the action was brought.

(2)

(b) Fifty percent shall be allocated to the _____, for asthma services.

(3)

- (c) Forty percent shall be allocated to the state board for enforcement pursuant to Article 3.2 (commencing with Section 42417) and for allocation to each air district to provide for enforcement programs in an amount that ensures that the air district has sufficient funding equivalent to the district's level of funding in the 2003-04 fiscal year. The allocations to each air district shall be used for the purpose of providing for enforcement programs within the district.
- 42412.6. Every district shall publish in writing and make available to any interested party a list that describes potential violations subject to penalties under this article. The list shall also include the minimum and maximum penalties for each violation which may be assessed by a district pursuant to this article.

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42412.7. For the purposes of this article, "entity" means any firm, association, organization, partnership, business trust, corporation, limited liability company, or company.

42412.8. Except as provided in Sections 40720 and 42412.2, this article is not applicable to vehicular sources.

SEC. 5. Article 3.2 (commencing with Section 42417) is added to Chapter 4 of Part 4 of Division 26 of the Health and Safety Code, to read:

Article 3.2. Enforcement

42417. (a) The state board shall establish a statewide enforcement policy to guide state board and local district enforcement activities.

(1)

(a) The policy shall establish a strategy to address the lack of enforcement of air pollution laws and regulations in low-income communities and communities of color, and identify specific actions that the state board and local districts may take to enhance enforcement of environmental justice, as defined in subdivision (e) of Section 65040.12 of the Government Code, including the creation of environmental justice enforcement zones.

(2)

(b) The policy shall identify sources for which noncompliance is a serious problem and identify strategies to bring each entity, as defined in Section 42412.7, into compliance through enhanced enforcement activities. The strategy shall include enhanced public participation activities around facilities that are chronic violators. The activities shall include, but are not limited to, notices mailed to each residence and business within a one-mile radius of the facility in noncompliance, and to any person who requests notice when any of the following occur:

34 (a)

(1) A notice of violation is issued.

36 (b)

(2) There is an opportunity for the public to participate in a permitting activity.

39 (c)

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(3) There is a hearing board action to be taken with respect to any stationary source facility.

(d)

- (4) There is a California Environmental Quality Act activity.
- 42417.1. (a) Each district shall post every notice to comply, notice of violation, and hearing board variance relating to nonvehicular sources occurring in the district on that district's Web site.
- (b) Aggregate enforcement information for each district shall be posted on the state board Web site, and shall include hearing board variances in each district.
- 42417.2. The state board shall audit each district at least once every four years for the district's enforcement history. Each audit shall be funded by the Air Pollution Business Penalty Fund, established pursuant to Section 42412.5. The results of each audit shall be posted on the state board Web site and reported to the applicable district governing board. The state board shall consider data management needs when allocating subvention funds to a district, and shall establish a standard protocol for data management of all enforcement actions by both the districts and the state board to standardize reporting. Enforcement databases shall include, at a minimum, the ability to search by Zip Code, Senate district, Assembly district, facility name and address, type of business, or Standard Industrial Classifications (SIC) code.